

of a higher value in circulation than as bullion.¹ It was gradually realized that this policy was crippling the trade of the country. Hence Act No. VIII. of 1900 gave the Secretary of State for India power to purchase silver with the gold deposited at the mints and to transmit the silver to India for coinage. Act No. IX. of 1902 authorized the issue of notes in India against silver bullion held in England as a reserve against the notes. The acute need for circulation was shown by the purchase between March 15, 1900, and April 4, 1901, of 50,297,224 ounces of silver at a total cost of , £6,055,175, at an average price of 28[^] pence per ounce. Purchases of silver, which were at first made irregularly, began to be made with considerable regularity in 1904. During the financial year ending March 31, 1906, the amount of silver purchased was ,£8,574,000, and the net increase in the rupee coinage from 1899 to ^{^9@%} was about 900,000,000 rupees (\$293,000,000).

The reappearance of British India in the market for silver bullion, after having been entirely withdrawn from 1893 to 1899, had an influence upon the price of silver. The downward course of the metal, which prevailed almost without check from 1866, was not reversed by the purchases of the Indian Government in 1900; but in 1903 it was agreed with the American and Mexican commissions on international exchange, that greater regularity in purchases of the metal was "desirable and might be adopted as far as possible in each country, subject to its monetary policy and convenience."² If there was any hesitation in adopting this policy, it

¹ Evidence that some coins were drawn from hoards is afforded by the fact that coins of old coinages constituted in 1895 a considerably larger proportion of the amounts received at government treasuries than in former years.—Report from the Head Commissioner of Paper Currency, 1895, 39-42.

² *Commission on International Exchange*, *fooj*, 141.

Subsequently Sir James Mackay, Chairman of the British Commission which adopted this resolution, in transmitting figures of further purchases to Mr. Hanna, Chairman of the American Commission, said:- "I think you will observe from the prices which the Secretary of State for India paid for the silver which he bought that regularity has, as